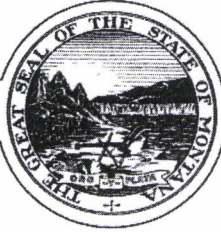


DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION  
Trust Land Management Division



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January 16, 2015

SENATE NATURAL RESOURCES

Exhibit No. 1

Date 1/23/15

Bill No. SB 34

TO: Senator Chas Vincent, Chairman  
Senate Natural Resources Committee

FROM: John Grimm, Bureau Chief  
Real Estate Management Bureau, DNRC

RE: **Inquiry into assessing indirect costs for processing private funds used to facilitate land banking transactions (cabin & home site sales)**

Chairman Vincent,

The DNRC is required to assess and collect funds to recover indirect costs on federal and private funds, such as cabin and home site processing costs that are funded by lessees, per 17-1-106 (1) MCA. The rate charged to recover indirect costs is calculated by the agency every two years, with the current rate for FY2016 through FY2017 being 11.02% of the private funds collected. Lessee funded processing costs, which are subject to the indirect costs; include appraisal costs for improvements, legal advertising for the auction sale, document filing fees, and water right transfer fees. The fiscal note for SB 34, estimates indirect costs at \$6,469 for selling 40 cabin sites, or \$161.73 per cabin site.

Thanks!

John Grimm